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CERTIFIED, LABOR AND EMPLOYMENT

TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

August 14, 2014

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Iraan-Sheffield Independent School District from RE Palmwood LLC

(First Qualifying Year 2015; First Year of Value Limitation 2016)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Iraan-Sheffield Independent School District is notifying RE Palmwood LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The company has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in the first full tax year after commercial operations, i.e., 2016.

The Applicant submitted the Application to the school district on July 17, 2014. The Board voted to accept the application on July 17, 2014. The application has been determined complete as of August 7, 2014. Please prepare the economic impact report.

The Applicant has requested that portions of Tabs 10, 11 and 16 of the Application be kept confidential. In accordance with 34 TAC 9.1053, the information that is the subject of this request is segregated from the materials submitted contemporaneously with this application, that is, the proprietary commercial information regarding the competitive siting decisions for the possible project and proprietary information regarding the proposed layout of the project. The confidential

Letter to Local Government Assistance & Economic Analysis Division
August 14, 2014
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materials are being submitted separately to protect against unintended disclosure. The public release of this information would reveal information which the company believes would cause the company to suffer substantial competitive harm and weaken its position in competitive siting decisions. In addition, the company views the proposed layout and location of the panels as a trade secret in which they have expended considerable resources. The public release of this information would reveal information which the company considers to be a trade secret.

A copy of the application will be submitted to the Pecos County Appraisal District.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", with a stylized flourish at the end.

Kevin O'Hanlon
School District Consultant

Cc: Pecos County Appraisal District

RE Palmwood LLC

Iraan-Sheffield Independent School District



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links on this Web page to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

7/17/14

Date Application Received by District

Kevin

Allen

First Name

Last Name

Superintendent

Title

Iraan-Sheffield Independent School District

School District Name

100 S. Farr Street

Street Address

P.O. Box 486

Mailing Address

Iraan

Texas

79744-0486

City

State

ZIP

432-639-2512 Ext 223

(432) 639-2501

Phone Number

Fax Number

kevin.allen@isisd.net

Mobile Number (optional)

Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application?

☒ Yes

☐ No

The Economic Development and Analysis Division at the Texas Comptroller of Public Accounts provides information and resources for taxpayers and local taxing entities.

For more information, visit our website:
www.TexasAhead.org/tax_programs/chapter313/

50-296-A • 02-14/1

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

| | |
|-------------------------------------|-----------------------------|
| <u>Dan</u> | <u>Casey</u> |
| First Name | Last Name |
| <u>Partner</u> | |
| Title | |
| <u>Moak, Casey & Associates</u> | |
| Firm Name | |
| <u>512-485-7878</u> | <u>512-485-7888</u> |
| Phone Number | Fax Number |
| | <u>dcasey@moakcasey.com</u> |
| Mobile Number (optional) | Email Address |

4. On what date did the district determine this application complete? 8/14/14
5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

| | |
|--|--|
| <u>Seth</u> | <u>Israel</u> |
| First Name | Last Name |
| <u>Vice President, Real Estate and Early Stage Development</u> | <u>Recurrent Energy, LLC</u> |
| Title | Organization |
| <u>300 California Street, Suite 700</u> | |
| Street Address | |
| <u>300 California Street, Suite 700</u> | |
| Mailing Address | |
| <u>San Francisco</u> | <u>California</u> |
| City | State |
| <u>415-501-9406</u> | <u>94104</u> |
| Phone Number | ZIP |
| | <u>415-675-1501</u> |
| Mobile Number (optional) | Fax Number |
| | <u>seth.israel@recurrentenergy.com</u> |
| | Business Email Address |

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? ☒ Yes ☐ No
- 2a. If yes, please fill out contact information for that person.

| | |
|---|--|
| <u>Josh</u> | <u>Grubaugh</u> |
| First Name | Last Name |
| <u>Director, Texas Development</u> | <u>Recurrent Energy, LLC</u> |
| Title | Organization |
| <u>300 California Street, Suite 700</u> | |
| Street Address | |
| <u>300 California Street, Suite 700</u> | |
| Mailing Address | |
| <u>San Francisco</u> | <u>California</u> |
| City | State |
| <u>415-501-9491</u> | <u>94104</u> |
| Phone Number | ZIP |
| | <u>415-675-1501</u> |
| Mobile Number (optional) | Fax Number |
| <u>617-449-8880</u> | <u>josh.grubaugh@recurrentenergy.com</u> |
| | Business Email Address |

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

Application for Appraised Value Limitation on Qualified Property



SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Clay

Butler

First Name

Last Name

Partner

Title

The Butler Firm, PLLC

Firm Name

512-992-0439

888-356-3151

Phone Number

Fax Number

butler@thebutlerfirm.com

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? RE Palmwood, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32054020899
3. List the NAICS code 221114
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☒ No
- 4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☐ Yes ☒ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☒ Yes ☐ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

| | |
|---|---|
| <input checked="" type="checkbox"/> Land has no existing improvements | <input checked="" type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>) |
| <input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>) | <input type="checkbox"/> Relocation within Texas |

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☒ No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? ☒ Yes ☐ No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property



SECTION 9: Projected Timeline

1. Application approval by school board September 2014
2. Beginning of qualifying time period Jan 2015
3. First year of limitation Jan 2016
4. Begin hiring new employees Jun 2016
5. Commencement of commercial operations Dec 2015
6. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☐ Yes ☒ No
- Note:** Improvements made before that time may not be considered qualified property.
7. When do you anticipate the new buildings or improvements will be placed in service? Jun 2016

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Pecos County, Texas
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Pecos County Appraisal District
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

| | |
|---|---|
| County: <u>Pecos County 100% 0.6999</u> <small>(Name, tax rate and percent of project)</small> | City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small> |
| Hospital District: <u>Iraan General Hosp. 100% 0.1896</u> <small>(Name, tax rate and percent of project)</small> | Water District: <u>Middle Pecos Groundwater 100% 0.0250</u> <small>(Name, tax rate and percent of project)</small> |
| Other (describe): <u>Midland College 100% 0.0255</u> <small>(Name, tax rate and percent of project)</small> | Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small> |
5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☒ No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 25,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 25,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of new buildings or new improvements with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

Application for Appraised Value Limitation on Qualified Property

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☐ Yes ☒ No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? November 2014

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 116,880.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

Application for Appraised Value Limitation on Qualified Property



SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☒ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of _____ (year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 2
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☒ Yes ☐ No
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 a. Average weekly wage for all jobs (all industries) in the county is 831.50
 b. 110% of the average weekly wage for manufacturing jobs in the county is 688.50
 c. 110% of the average weekly wage for manufacturing jobs in the region is 1,007.16
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☒ §313.021(5)(A) or ☐ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 35,802.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 37,000.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.024(d-2)? ☐ Yes ☒ No
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Kevin Allen
Print Name (Authorized School District Representative)

Superintendent
Title

sign
here

[Signature]
Signature (Authorized School District Representative)

7-28-14
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here

Seth Israel
Print Name (Authorized Company Representative (Applicant))

Vice President
Title

sign
here

[Signature]
Signature (Authorized Company Representative (Applicant))

5/23/14
Date

GIVEN under my hand and seal of office this, the

day of

see attached

Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires:

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- ☒ See Attached Document (Notary to cross out lines 1-6 below)
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

1 _____
 2 _____
 3 _____
 4 _____
 5 _____
 6 _____

Signature of Document Signer No. 1 _____ Signature of Document Signer No. 2 (if any) _____

State of California

County of San Francisco

Subscribed and sworn to (or affirmed) before me

on this 23rd day of May, 2014,
Date Month Year

by (1) Seth Israel,
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) X

(and

(2) _____,
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Jenna Hawkins
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Further Description of Any Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

RIGHT THUMBPRINT
OF SIGNER #1
Top of thumb here

RIGHT THUMBPRINT
OF SIGNER #2
Top of thumb here

Application for Appraised Value Limitation on Qualified Property



APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

| TAB | ATTACHMENT |
|-----|--|
| 1 | Pages 1 through 11 of Application |
| 2 | Proof of Payment of Application Fee |
| 3 | Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i> |
| 4 | Detailed description of the project |
| 5 | Documentation to assist in determining if limitation is a determining factor |
| 6 | Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i> |
| 7 | Description of Qualified Investment |
| 8 | Description of Qualified Property |
| 9 | Description of Land |
| 10 | Description of all property not eligible to become qualified property <i>(if applicable)</i> |
| 11 | <p>Maps that clearly show:</p> <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of new buildings or new improvements c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p> |
| 12 | Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i> |
| 13 | Calculation of three possible wage requirements with TWC documentation |
| 14 | Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i> |
| 15 | Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i> |
| 16 | <p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p> |
| 17 | Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i> |

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public
Accounts)*

TAB 3

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation

SEE ATTACHED

Texas Franchise Tax Extension List

| Reporting Entity Taxpayer Number | Report Year | Reporting Entity Taxpayer Name |
|---|--------------------|---------------------------------------|
| 32048169828 | 2014 | SHARP US HOLDING INC. & SUBSIDIARIES |

| Legal Name of Affiliate | Affiliates Texas Taxpayer Number |
|--------------------------------|---|
| RE IRAAN-SHEFFIELD LLC | 32052480244 |
| RE PALMWOOD LLC | 32053925858 |
| RE MONUMENT LLC | 32054004265 |
| RE PALMWOOD LLC | 32054020899 |
| RE AVALON LLC | 32054004273 |

TAB 4

Detailed description of the project

The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics and possesses a global project pipeline of over 2GW and over 880MW of contracted projects. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes unfinanciable.

RE Palmwood, LLC, is developing a solar photovoltaic facility designed to use solar power to generate electricity. The anticipated generation capacity of the Project is 150 MW. The qualified investment may include solar modules, mounting system, electrical collection system, combiner boxes, inverters, project substation, meteorological equipment, operations and maintenance facility, transmission facilities, and other ancillary equipment necessary to safely generate and transmit energy. All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant.

The Applicant anticipates commencing construction activities in the second quarter of 2015 and completing construction by the third quarter of 2016. Once complete, the Project may operate for twenty-five or more years.

The Project will be located entirely within Pecos County and the Iraan-Sheffield Independent School District. It may utilize approximately 1,300 acres of the land within the Reinvestment Zone. The project design is not finalized at this time thus the exact location of the improvements cannot be specified. The land used for the Project is privately owned land under long-term leases. The land is currently shrub land which is not being actively used for any profitable ventures.

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics and possesses a global project pipeline of over 2GW and over 880MW of contracted projects. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

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The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes unfinanciable.

TAB 6

Names and percentages of additional districts that compromise the entire project:

The RE Palmwood project is located 100% in the Iraan-Sheffield ISD in Pecos County, Texas.

TAB 7

Description of Qualified Investment

RE Palmwood, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 150 MW. The exact capacity and the specific technology components will be determined during the development and design process.

A 150 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- 1) Solar modules/panels
- 2) Steel/aluminum/other metal mounting system with tracking capabilities
- 3) Underground conduit, communication cables, and electrical collection system wiring
- 4) Multiple combiner boxes
- 5) One or multiple project substation(s) including breakers, a transformer, and meters
- 6) Collection substation will be connected to utility interconnection by an above ground transmission line
- 7) Inverter boxes on concrete or gravel pads
- 8) Operations and maintenance facility
- 9) Fencing for safety and security
- 10) Telephone system
- 11) New or improved access and service roads
- 12) Meteorological equipment to measure solar irradiation and weather conditions

TAB 8

Description of Qualified Property

Please refer to TAB 7.

TAB 9

Description of Land

CONFID
ENTIAL

CONFIDE
NTIAL

TAB 10

Description of all property not eligible to become qualified property (if applicable)

1. The leased land contains existing improvements which are not to become qualified property. The existing improvements are described as follows:

- (a) RES – masonry house
- (b) CPM4 – masonry porch
- (c) CONC – concrete
- (d) DMP1 and DMP2 – metal carports
- (e) STG5 – portable storage
- (f) SH2L – shop
- (g) BN3L – barn

TAB 11

Maps that clearly show:

- *Project vicinity, Qualified investment & property, Existing Property, Land Location, and Reinvestment Zone*

SEE ATTACHED MAPS

CONFIDENTIAL

TAB 12

Request of waiver of creation requirement

SEE BELOW.

300 California Street, 7th Floor
San Francisco, CA 94104

415.675.1500 (p)
415.675.1501 (f)

www.recurrentenergy.com

RECURRENT ENERGY

Mr. Ralph Traynham, Superintendent
Fort Stockton Independent School District
101 West Division
Fort Stockton, Texas 79735

Re: Chapter 313 Job Waiver Request

Dear Mr. Traynham,

Please consider this letter to be the formal request of RE Palmwood, LLC, to waive the minimum new job creation requirement, as provided under Texas Tax Code 313.025(f-1).

Based upon our knowledge of staffing requirements, RE Palmwood, LLC, requests the job creation requirement under Chapter 313 of the Texas Tax Code be waived. In line with solar industry standards for job requirements, RE Palmwood, LLC has committed to create two (2) new permanent jobs.

Solar projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of highly skilled technicians to operate the solar project once construction operations end and commercial operations begin.

These permanent employees of a solar energy project maintain and service solar panels, mounting infrastructure, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees described above, there also may be asset managers or technicians who supervise, monitor, and support solar project operations from offsite locations.

The waiver request herein is in line with industry standards for the number of jobs specifically relegated to a solar generation facility of this size. This is evidenced by previously filed limitation agreement applications by solar developers who similarly requested a waiver of the job requirements and in addition, by readily available documentation and education materials related to the development of solar generation facilities.

Sincerely,



Seth Israel,
Vice President, Real Estate and Early Stage Development
Recurrent Energy

TAB 13

Calculation of three possible wage requirements with TWC documentation

AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN PECOS

COUNTY

FOUR MOST RECENT QUARTERS

| COUNTY | YEAR | QUARTER | Avg. Weekly Wage |
|--------------|------|---------|------------------------|
| Pecos | 2013 | Q2 | \$812 |
| Pecos | 2013 | Q3 | \$789 |
| Pecos | 2013 | Q4 | \$833 |
| Pecos | 2014 | Q1 | \$892 |
| SUM: | | | \$3,326 |
| CALCULATION: | | | $\$3,394/4 = \831.50 |

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN PECOS COUNTY

FOUR MOST RECENT QUARTERS

| COUNTY | YEAR | QUARTER | Avg. Weekly Wage |
|--------------|------|---------|--|
| Pecos | 2013 | Q2 | \$571 |
| Pecos | 2013 | Q3 | \$708 |
| Pecos | 2013 | Q4 | \$561 |
| Pecos | 2014 | Q1 | \$662 |
| SUM: | | | \$2,618 |
| CALCULATION: | | | $\$2,502/4 = \$625.5 * 1.1 = \$688.50$ |

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE PERMIAN

BASIN REGION (WDA)

FOUR MOST RECENT QUARTERS

| REGION / WDA | YEAR | Hourly/Annual | Avg. Weekly Wage |
|---------------|------|------------------|-------------------------------|
| Permian Basin | 2013 | \$22.89/\$47,604 | \$915.60 |
| CALCULATION: | | | $\$915.60 * 1.1 = \$1,007.16$ |

Quarterly Employment and Wages (QCEW)

[Back](#)

I.CODETITLE

Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|--------------|-----------|----------|-------|----------|-----------------------|------------------|
| 2013 | 1st Qtr | Pecos County | Total All | 00 | 0 | 10 | Total, All Industries | \$837 |
| 2013 | 2nd Qtr | Pecos County | Total All | 00 | 0 | 10 | Total, All Industries | \$812 |
| 2013 | 3rd Qtr | Pecos County | Total All | 00 | 0 | 10 | Total, All Industries | \$789 |
| 2013 | 4th Qtr | Pecos County | Total All | 00 | 0 | 10 | Total, All Industries | \$833 |
| 2014 | 1st Qtr | Pecos County | Total All | 00 | 0 | 10 | Total, All Industries | \$892 |
| 2014 | 1st Qtr | Pecos County | Total All | 31 | 2 | 31-33 | Manufacturing | \$662 |
| 2013 | 4th Qtr | Pecos County | Total All | 31 | 2 | 31-33 | Manufacturing | \$561 |
| 2013 | 3rd Qtr | Pecos County | Total All | 31 | 2 | 31-33 | Manufacturing | \$708 |
| 2013 | 2nd Qtr | Pecos County | Total All | 31 | 2 | 31-33 | Manufacturing | \$571 |
| 2013 | 1st Qtr | Pecos County | Total All | 31 | 2 | 31-33 | Manufacturing | \$692 |

2013 Manufacturing Wages by Council of Government Region
Wages for All Occupations

| COG | Wages | |
|---|----------------|-----------------|
| | Hourly | Annual |
| Texas | \$23.73 | \$49,363 |
| 1. Panhandle Regional Planning Commission | \$20.43 | \$42,499 |
| 2. South Plains Association of Governments | \$16.53 | \$34,380 |
| 3. NORTEX Regional Planning Commission | \$19.15 | \$39,838 |
| 4. North Central Texas Council of Governments | \$25.00 | \$51,997 |
| 5. Ark-Tex Council of Governments | \$17.45 | \$36,298 |
| 6. East Texas Council of Governments | \$19.50 | \$40,565 |
| 7. West Central Texas Council of Governments | \$18.64 | \$38,779 |
| 8. Rio Grande Council of Governments | \$16.27 | \$33,848 |
| 9. Permian Basin Regional Planning Commission | \$22.89 | \$47,604 |
| 10. Concho Valley Council of Governments | \$17.20 | \$35,777 |
| 11. Heart of Texas Council of Governments | \$19.44 | \$40,444 |
| 12. Capital Area Council of Governments | \$27.31 | \$56,805 |
| 13. Brazos Valley Council of Governments | \$17.20 | \$35,770 |
| 14. Deep East Texas Council of Governments | \$16.48 | \$34,287 |
| 15. South East Texas Regional Planning Commission | \$29.09 | \$60,501 |
| 16. Houston-Galveston Area Council | \$26.13 | \$54,350 |
| 17. Golden Crescent Regional Planning Commission | \$22.23 | \$46,242 |
| 18. Alamo Area Council of Governments | \$18.91 | \$39,329 |
| 19. South Texas Development Council | \$13.94 | \$28,990 |
| 20. Coastal Bend Council of Governments | \$23.78 | \$49,454 |
| 21. Lower Rio Grande Valley Development Council | \$15.82 | \$32,907 |
| 22. Texoma Council of Governments | \$20.93 | \$43,529 |
| 23. Central Texas Council of Governments | \$17.33 | \$36,042 |
| 24. Middle Rio Grande Development Council | \$19.07 | \$39,666 |

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Please refer to the attached TWC documentation below.

TAB 14

Schedules A1, A2, B, C, and D completed and signed Economic Impact

See attached Excel Spreadsheet

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Applicant Name RE Palmwood, LLC
 ISD Name Iraan-Sheffield Independ

Form 50-296A

Revised Feb 2014

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | |
|--|------|----------------------------|---|---|--|---|---|--|
| (Estimated Investment in each year. Do not put cumulative totals.) | | | | | | | | |
| | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C Other new investment made during this year that will not become Qualified Property [SEE NOTE] | Column D Other new investment made during this year that may become Qualified Property [SEE NOTE] | Column E Total Investment (Sum of Columns A+B+C+D) |
| Investment made before filing complete application with district | | | | Not eligible to become Qualified Property | | | [The only other investment made before filing complete application with district that may become Qualified Property is land.] | \$0 |
| Investment made after filing complete application with district, but before final board approval of application | 2014 | 2014-2015 | 2014 | \$0 | \$0 | \$0 | \$0 | 0 |
| Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period | | | | \$0.00 | \$0 | \$0 | \$0 | \$0.00 |
| Complete tax years of qualifying time period | QTP1 | 2015-2016 | 2015 | \$142,500,000.00 | \$0 | \$0 | \$0 | \$142,500,000.00 |
| | QTP2 | 2016-2017 | 2016 | \$142,500,000.00 | \$0 | \$0 | \$0 | \$142,500,000.00 |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2] | | | | \$285,000,000.00 | \$0 | \$0 | \$0 | \$285,000,000.00 |
| | | | | Enter amounts from TOTAL row above in Schedule A2 | | | | |
| Total Qualified Investment (sum of green cells) | | | | \$285,000,000.00 | | | | |

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Applicant Name RE Palmwood, LLC

Form 50-296A

ISD Name Iraan-Sheffield Independent School District

Revised Feb 2014

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | |
|--|------|---------------------------|---|---|--|---|--|---|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | |
| | Year | School Year (YYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C Other investment made during this year that will not become Qualified Property (SEE NOTE) | Column D Other investment made during this year that will become Qualified Property (SEE NOTE) | Column E Total Investment (A+B+C+D) |
| Total Investment from Schedule A1* | -- | TOTALS FROM SCHEDULE A1 | | \$285,000,000.00 | \$0 | \$0 | \$0 | \$285,000,000.00 |
| Each year prior to start of value limitation period** | 0 | 2014-2015 | 2014 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Each year prior to start of value limitation period** | 0 | 2015-2016 | 2015 | \$142,500,000.00 | \$0 | \$0 | \$0 | \$142,500,000.00 |
| Value limitation period*** | 1 | 2016-2017 | 2016 | \$142,500,000.00 | \$0 | \$0 | \$0 | \$142,500,000.00 |
| | 2 | 2017-2018 | 2017 | \$0.00 | \$0 | \$2,145 | \$0 | \$2,145 |
| | 3 | 2018-2019 | 2018 | \$0.00 | \$0 | \$2,188 | \$0 | \$2,188 |
| | 4 | 2019-2020 | 2019 | \$0.00 | \$0 | \$2,231 | \$0 | \$2,231 |
| | 5 | 2020-2021 | 2020 | \$0.00 | \$0 | \$211,901 | \$0 | \$211,901 |
| | 6 | 2021-2022 | 2021 | \$0.00 | \$0 | \$175,939 | \$0 | \$175,939 |
| | 7 | 2022-2023 | 2022 | \$0.00 | \$0 | \$179,458 | \$0 | \$179,458 |
| | 8 | 2023-2024 | 2023 | \$0.00 | \$0 | \$183,047 | \$0 | \$183,047 |
| | 9 | 2024-2025 | 2024 | \$0.00 | \$0 | \$186,708 | \$0 | \$186,708 |
| | 10 | 2025-2026 | 2025 | \$0.00 | \$0 | \$1,354,541 | \$0 | \$1,354,541 |
| Total Investment made through limitation | | | | \$285,000,000 | \$0 | \$2,298,157 | \$0 | \$287,298,157 |
| Continue to maintain viable presence | 11 | 2026-2027 | 2026 | | | \$194,250.85 | | \$194,250.85 |
| | 12 | 2027-2028 | 2027 | | | \$198,135.86 | | \$198,135.86 |
| | 13 | 2028-2029 | 2028 | | | \$202,098.58 | | \$202,098.58 |
| | 14 | 2029-2030 | 2029 | | | \$206,141 | | \$206,141 |
| | 15 | 2030-2031 | 2030 | | | \$419,888 | | \$419,888 |
| Additional years for 25 year economic impact as required by 313.026(c)(1) | 16 | 2031-2032 | 2031 | | | \$214,469 | | \$214,469 |
| | 17 | 2032-2033 | 2032 | | | \$218,758 | | \$218,758 |
| | 18 | 2033-2034 | 2033 | | | \$223,133 | | \$223,133 |
| | 19 | 2034-2035 | 2034 | | | \$227,596 | | \$227,596 |
| | 20 | 2035-2036 | 2035 | | | \$1,605,272 | | \$1,605,272 |
| | 21 | 2036-2037 | 2036 | | | \$236,791 | | \$236,791 |
| | 22 | 2037-2038 | 2037 | | | \$241,527 | | \$241,527 |
| | 23 | 2038-2039 | 2038 | | | \$246,357.04 | | \$246,357.04 |
| | 24 | 2039-2040 | 2039 | | | \$251,284.18 | | \$251,284.18 |
| | 25 | 2040-2041 | 2040 | | | \$465,934.79 | | \$465,934.79 |

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Applicant Name

RE Palmwood, LLC

Form 50-296A

ISD Name

Iraan-Sheffield Independent School District

Revised Feb 2014

| | Year | School Year (YYY-YYY) | Tax Year (Fill in actual tax year) YYY | Qualified Property | | | Estimated Taxable Value | | |
|--|------|--------------------------|--|-----------------------------------|---|--|---|---|---|
| | | | | Estimated Market Value of Land | Estimated Total Market Value of new buildings or other new improvements | Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements" | Market Value less any exemptions (such as pollution control) and before limitation | Final taxable value for I&S after all reductions | Final taxable value for M&O after all reductions |
| Prior Years | 0 | 2014-2015 | 2014 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Prior Years | 0 | 2015-2016 | 2015 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Value Limitation Period | 1 | 2016-2017 | 2016 | \$0 | \$142,500,000.00 | \$0 | \$0 | \$142,500,000.00 | \$25,000,000.00 |
| | 2 | 2017-2018 | 2017 | \$0 | \$285,000,000.00 | \$0 | \$0 | \$285,000,000.00 | \$25,000,000.00 |
| | 3 | 2018-2019 | 2018 | \$0 | \$242,250,000.00 | \$0 | \$0 | \$242,250,000.00 | \$25,000,000.00 |
| | 4 | 2019-2020 | 2019 | \$0 | \$205,912,500.00 | \$0 | \$0 | \$205,912,500.00 | \$25,000,000.00 |
| | 5 | 2020-2021 | 2020 | \$0 | \$175,025,625.00 | \$0 | \$0 | \$175,025,625.00 | \$25,000,000.00 |
| | 6 | 2021-2022 | 2021 | \$0 | \$148,771,781.25 | \$0 | \$0 | \$148,771,781.25 | \$25,000,000.00 |
| | 7 | 2022-2023 | 2022 | \$0 | \$126,456,014.06 | \$0 | \$0 | \$126,456,014.06 | \$25,000,000.00 |
| | 8 | 2023-2024 | 2023 | \$0 | \$107,487,611.95 | \$0 | \$0 | \$107,487,611.95 | \$25,000,000.00 |
| | 9 | 2024-2025 | 2024 | \$0 | \$91,364,470.16 | \$0 | \$0 | \$91,364,470.16 | \$25,000,000.00 |
| | 10 | 2025-2026 | 2025 | \$0 | \$77,659,799.64 | \$0 | \$0 | \$77,659,799.64 | \$25,000,000.00 |
| Continue to maintain viable presence | 11 | 2026-2027 | 2026 | \$0 | \$66,010,829.69 | \$0 | \$0 | \$66,010,829.69 | \$66,010,829.69 |
| | 12 | 2027-2028 | 2027 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 13 | 2028-2029 | 2028 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 14 | 2029-2030 | 2029 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 15 | 2030-2031 | 2030 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| Additional years for 25 year economic impact as required by 313.026(c)(1) | 16 | 2031-2032 | 2031 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 17 | 2032-2033 | 2032 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 18 | 2033-2034 | 2033 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 19 | 2034-2035 | 2034 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 20 | 2035-2036 | 2035 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 21 | 2036-2037 | 2036 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 22 | 2037-2038 | 2037 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 23 | 2038-2039 | 2038 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 24 | 2039-2040 | 2039 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |
| | 25 | 2040-2041 | 2040 | \$0 | \$57,000,000.00 | \$0 | \$0 | \$57,000,000.00 | \$57,000,000.00 |

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Applicant Name RE Palmwood, LLC
 ISD Name Iraan-Sheffield Independent School District

Form 50-296A
 Revised Feb 2014

| | | | | Construction | | Non-Qualifying Jobs | Qualifying Jobs | |
|---|---------------|-------------------------|----------------------------|---|--|---|--|--|
| | Year | School Year (YYYY-YYYY) | Tax Year (Actual tax year) | Column A | Column B | Column C | Column D | Column E |
| | | | | Number of Construction FTE's or man-hours (specify) | Average annual wage rates for construction workers | Number of non-qualifying jobs applicant estimates it will create (cumulative) | Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Average annual wage of new qualifying jobs |
| Prior Years | 0 | 2014-2015 | 2014 | 0 | N/A | 0 | 0 | N/A |
| Prior Years | 0 | 2015-2016 | 2015 | 200 FTE avg; 450 FTE peak | \$37,534.00 | 0 | 0 | N/A |
| Value Limitation Period <small>The qualifying time period could overlap the value limitation period.</small> | 1 | 2016-2017 | 2016 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 2 | 2017-2018 | 2017 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 3 | 2018-2019 | 2018 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 4 | 2019-2020 | 2019 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 5 | 2020-2021 | 2020 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 6 | 2021-2022 | 2021 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 7 | 2022-2023 | 2022 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 8 | 2023-2024 | 2023 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 9 | 2024-2025 | 2024 | 0 | N/A | 0 | 2 | \$37,000.00 |
| | 10 | 2025-2026 | 2025 | 0 | N/A | 0 | 2 | \$37,000.00 |
| Years Following Value Limitation Period | 11 through 25 | 2026-2041 | 2026-2040 | 0 | N/A | 0 | | |

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
 Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)

☒ Yes ☐ No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

☒ Yes ☐ No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

☐ Yes ☒ No

Schedule D: Other Incentives (Estimated)

Applicant Name

RE Palmwood, LLC

Form 50-296A

ISD Name

Iraan-Sheffield Independent School District

Revised Feb 2014

| State and Local Incentives for which the Applicant intends to apply (Estimated) | | | | | | | |
|---|---|-----|------------------------------|---------------------|--------------------------------------|------------------|---------------------|
| Incentive Description | Taxing Entity applicable) | (as | Beginning Year of Benefit | Duration of Benefit | Annual Tax Levy without Incentive | Annual Incentive | Annual Net Tax Levy |
| Tax Code Chapter 311 | County: | | | | | | |
| | City: | | | | | | |
| | Other: | | | | | | |
| Tax Code Chapter 312 | County: Pecos County | | 2016 | 2016-2025 | \$666,567.56 | \$341,761.44 | \$324,806.12 |
| | Other: Middle Pecos Groundwater Conservation District | | 2016 | 2016-2025 | \$23,809.40 | \$12,207.52 | \$11,601.88 |
| | Other: Midland College | | 2016 | 2016-2025 | \$24,285.56 | \$12,451.64 | \$11,833.92 |
| | Other: Iraan General Hospital District | | 2016 | 2016-2025 | \$180,570.40 | \$92,581.76 | \$87,988.64 |
| Local Government Code Chapters 380/381 | City: | | | | | | |
| | Other: | | | | | | |
| | County: | | | | | | |
| Freeport Exemptions | | | | | | | |
| Non-Annexation Agreements | | | | | | | |
| Enterprise Zone/Project | | | | | | | |
| Economic Development Corporation | | | | | | | |
| Texas Enterprise Fund | | | | | | | |
| Employee Recruitment | | | | | | | |
| Skills Development Fund | | | | | | | |
| Training Facility Space and Equipment | | | | | | | |
| Infrastructure Incentives | | | | | | | |
| Permitting Assistance | | | | | | | |
| Other: | | | | | | | |
| Other: | | | | | | | |
| Other: | | | | | | | |
| Other: | | | | TOTAL | \$895,232.92 | \$459,002.36 | \$436,230.56 |

Additional information on incentives for this project: 25 Year Average was used to adjust for depreciation of facility

TAB 15

Economic Impact

RE Palmwood, LLC, will not be including an Economic Impact Report.

TAB 16

Description of Reinvestment Zone, including:

- A. Evidence that the area qualifies as an reinvestment zone***
- B. Legal description of the reinvestment zone***
- C. Order, resolution or ordinance establishing the reinvestment zone***
- D. Guidelines and criteria for creating the zone***

TO BE PROVIDED

TAB 16

Description of Land

CONFID
ENTIAL

CONFIDENTIAL

PECOS COUNTY

GUIDELINES AND CRITERIA FOR TAX ABATEMENT

I. PURPOSE

Pecos County, herein referred to as "the County," is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax abatement to stimulate growth and development. Any such incentive shall be provided in accordance with the procedures and criteria outlined in this document. However, nothing in these guidelines shall imply or suggest, or be construed to imply or suggest, that the County is under any obligation to provide any incentive to any applicant. All such applications for tax abatement shall be considered on an individual basis with regard to both the qualification for abatement and the amount of any abatement.

II. DEFINITIONS

The attached Glossary is a list of words with their definitions that are found in this document, and the Glossary is incorporated herein by reference.

III. GUIDELINES AND CRITERIA

Improvements eligible for abatement include the following:

Aquaculture/agriculture facility,
Distribution center facility,
Manufacturing facility,
Office building,
Regional entertainment/ tourism facility,
Renewable power facility and fixtures,
Research facility,
Historic building in a designated area, or
Other basic industry.

Requests for abatement will be evaluated according to factors including, but not limited to, the following:

- (1) Jobs. Projected new jobs created, including the number and type of new jobs, the number and type of jobs retained, the average payroll, and the number of local persons hired.

- (2) Fiscal Impact. The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, any County financed infrastructure improvements that will be required by the facility, any infrastructure improvements proposed to be made by the facility, and the compatibility of the project with the County's master plan for development.
- (3) Community Impact. The pollution, if any, as well as other potential negative environmental impact on the health and safety of the community resulting from the proposed project; whether the project will revitalize a depressed area; potential business opportunities for local vendors; alternative development possibilities for the proposed site; the impact on other taxing entities; and/or whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Pecos County to another.

IV. ABATEMENT AUTHORIZED

- (a) Authorized Date. A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction: provided, that such facility meets the criteria for granting tax abatement in reinvestment zones created by Pecos County pursuant to these Guidelines and Criteria. Property may be exempted from taxation under these guidelines for a period not to exceed the statutory limitations.
- (b) Creation of New Value. Abatement may only be granted for the additional value of or increase in value to eligible improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee and lessor, subject to such limitations as the Tax Abatement Statute and these Guidelines and Criteria may require.
- (c) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion. If the modernization project includes replacement of a facility existing at the time of application, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) Eligible Property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

- (e) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement:

land,
animals,
inventories,
supplies,
tools,
furnishings, and other forms of movable personal property (except as provided below),
vehicles,
vessels,
aircraft,
housing or residential property,
hotels/motels,
fauna,
flora,
retail facilities, except when housed in an historic structure, within the designated downtown district,
any improvements including those involved in the production, storage or distribution of natural gas or fluids that are not integral to the operation of the facility, and

Property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas. This provision shall not be interpreted to disallow abatement for property located in the Pecos County Industrial Park. Nor shall this provision be interpreted to disallow abatement where the eligible property to be abated may be located on or affixed to land owned by the State or a subdivision of the State, but is wholly owned by the party seeking the abatement.

Equipment constituting personal property located in the reinvestment zone shall remain eligible for abatement provided the equipment is awaiting installation to become a permanent part of a fixture located or to be constructed in the reinvestment zone that is or will be eligible for property tax abatement, including any replacement parts.

- (f) Owned/Leased Facilities. If leased property is granted abatement, the agreement shall be executed with the lessor and lessee. If the eligible property to be abated is located on or affixed to leased land, but is wholly owned by the party seeking the abatement, the agreement shall be executed only with the owner of the property to be abated.

- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. The value of new eligible properties shall be abated according to the approved agreement between the applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement.

The abatement may be extended from the date of the initial agreement by modification provided the statutory requirements for modification are met.

- (h) Construction in Progress. If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the taxpayer may apply for a one-year extension of the term of abatement. Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.
- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
 - (1) The value of ineligible property as provided in Part IV(e) shall be fully taxable.
 - (2) The base year value of existing eligible property, meaning the value of the property for the year in which the abatement agreement is executed, shall be fully taxable.
 - (3) The additional value of eligible property shall be taxable as provided for by the applicable abatement agreement between the owner and the County.

V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner of taxable property in Pecos County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County.
- (b) The application shall consist of a completed application form accompanied by:
 - (1) a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;

- (2) a descriptive list of the improvements that will be a part of the facility;
 - (3) a map and property description or a site plan;
 - (4) a time schedule for undertaking and completing the planned improvements;
 - (5) for modernized facilities, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application; and,
 - (6) Financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the County receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the County shall through public hearings as described below afford the applicant and the designated representative of any affected jurisdiction and any member of the public the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the County to be posted at least twenty (20) days prior to the hearing.
- (d) The County shall approve or deny the application for tax abatement within sixty (60) days after receipt of the application. The presiding officer of the County shall notify the applicant of the approval or disapproval promptly thereafter.
- (e) Statutory Requirements: Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners Court evaluates the application against the criteria described in these guidelines and decides by majority vote whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the county, which it may do at any regularly scheduled meeting, provided notice requirements

are met. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or to decline.

- (f) Expedited consideration of application. If the County determines that the application should receive expedited consideration, the Commissioners Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners Court, provided the County meets the procedural prerequisites for each step.
- (g) A request for a reinvestment zone for the purpose of abatement shall not be granted if the County finds that the request for the abatement was filed after commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) through (e) of Part IV may be made in written form to the County Commissioners Court. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of the request for variance requires a three-fourths (3/4) vote of the County Commissioners Court.

VI. PUBLIC HEARING

- (a) If, after a public hearing, the County Commissioners Court weighs the relevant factors listed in these guidelines and determines that granting the abatement is not in the best interests of the County, the Court shall deny the abatement.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
 - (1) There would be a substantial and unreasonable adverse affect on the provision of government services or the overall tax base of the County.
 - (2) The applicant has insufficient financial capacity.
 - (3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals.

- (4) Planned or potential use of the property violates any other governmental codes or any applicable law.

VII. AGREEMENT

- (a) After approval of the tax abatement application, the County shall formally pass a resolution and execute an agreement with the owner of the facility and the lessee involved, if any, which shall include:
 - (1) Estimated value to be abated and the base year value.
 - (2) Percent of value to be abated each year.
 - (3) The commencement date and the termination date of abatement.
 - (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description, and improvements list.
 - (5) Contractual obligations in the event of default, including a provision for cancellation and recapture of delinquent taxes, provisions for administration and assignment as provided herein, and any other provision that may be required for uniformity or by state law.
 - (6) Performance criteria for continuation of the abatement.
 - (7) Amount of investment and average number of jobs involved for the period of abatement.
 - (8) A provision that the contract shall meet all of the requirements of Texas Tax Code Sec. 312, et. seq.
- (b) Such agreement shall be executed within sixty (60) days after approval of the agreement.
- (c) The County shall make its own determination of abatement which shall not bind any other affected taxing entity.

VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues production of product or service for any reason other than fire, explosion, or other casualty or accident or natural disaster for a period of more than one (1) year during the

abatement period, then the agreement shall terminate and so shall the abatement of taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

- (b) Should the County determine that the owner is in default of the agreement, the County shall notify the owner of the defect in writing at the address stated in the agreement, and if such defect is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Where cure of the proposed defect requires action undertaken over a period of time, the contract will not be considered to be in default if the performing party has undertaken efforts to cure the defect and is diligently pursuing those efforts.
- (c) In the event that the company or individual:
 - (1) allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following notice of the delinquency without instituting proper legal procedures for their protest and/or contest; or
 - (2) violates in a way any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. A failure to abide by estimated timelines for construction will not be considered to be a material breach of this agreement, provided the owner makes a reasonable effort to meet the estimated timeline.

IX. ADMINISTRATION

- (a) The Chief Appraiser of the Pecos County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving the abatement shall furnish the designee of the County with such information as may be necessary to determine continued eligibility for abatement. Once the value has been established, the Chief Appraiser shall notify the County of the amount of assessment. Additionally, the County designee shall notify the County of the number of new or retained employees associated with the facility or generated by the abatement agreement. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions of the amount of the assessment.

- (b) The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to prevent unreasonable interference with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the owner in accordance with its safety standards.
- (c) Upon completion of construction the County shall annually evaluate each facility and report possible violations of the contract and/or agreement to the County.
- (d) All proprietary information acquired by the County for purposes of monitoring compliance with the terms and conditions of an abatement agreement shall be considered confidential.

X. ASSIGNMENT

- (a) Abatement may be transferred and assigned by the owner to a new owner of the same property upon approval by resolution of the County Commissioners Court, subject to the financial capacity of the assignee and provided that the agreement is modified to substitute the assignee as a party to the agreement.
- (b) Any such modification shall not exceed the termination date of the abatement agreement with the original owner.
- (c) No assignment or transfer shall be approved if either the parties to the existing agreement or the proposed assignee is liable to the County for outstanding taxes or other obligations.
- (d) Approval shall not be unreasonably withheld. Upon a finding that the proposed assignee is capable of performing the obligations under the agreement, financially and otherwise, approval of the assignment will not be withheld.

XI. SUNSET PROVISION

- (a) These guidelines are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its agreements will be reviewed by the County to determine whether the goals of these guidelines

and the Tax Abatement Statute have been achieved. Based on that review, these guidelines may be modified, renewed or eliminated. Such actions shall not affect existing contracts.

- (b) Prior to the date for review, as defined above, these Guidelines may be modified by a two-thirds (2/3) vote of the County Commissioners Court, as provided for by the laws of the State of Texas.

XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph, or any part of these guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the guidelines.
- (b) Property that is in a reinvestment zone and that is owned or leased by a member of the County Commissioners Court is excluded from property tax abatement.
- (c) If this Guideline Statement has omitted any mandatory requirement of the applicable tax abatement laws of the State of Texas, then such requirement is hereby incorporated as a part of these guidelines.

XIII. These Guidelines and Criteria do not affect the County's right to enter into abatement agreements for property located within the City of Fort Stockton pursuant to the existing agreement between the County and the City, regardless of whether such abatement agreements meet the criteria announced by these Guidelines.